INSTITUTE OF GOVERNMENTAL STUDIES LIBRARY SEP 17 1985 UNIVERSITY OF CALIFORNIA CITY AND COUNTY OF SAN FRANCISCO: RESIDENTIAL RENT STABILIZATION AND ARBITRATION BOARD RULES AND REGULATIONS Board Office: 170 Fell Street, Room 16 San Francisco, California 94102 621-RENT Amended: March 1, 1984 LANDLORDS AND TENANTS 

#### Please Note

The allowable annual rent increase for March 1, 1985 though February 28, 1986 is 4%

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#### PART 1

#### **DEFINITIONS**

Section 1.10

Alternates

"Alternate" means an alternate member of the Rent Stabilization and Arbitration Board. An alternate who is present at a meeting of the Board shall act as member for all purposes except election of officers whenever the member for whom the alternate serves as alternate is not present or has been excused from considering or voting on any matter, unless the alternate is also excused.

Section 1.11 Anniversary Date

The anniversary date is the date on which the tenant's current rent became effective. However, a rent increase granted as a result of certification of capital improvements, rehabilitation, and/or energy conservation work shall not affect or change the anniversary date.

Section 1.12 Annual Rent Increase

(Amended 2/21/84; effective 3/1/84)

On or before March 1 of each year, the Board shall publish the increase in the CPI for the preceding 12 months, as made available by the U.S. Department of Labor. A landlord may then impose an annual rent increase, not to exceed a tenant's base rent by more than sixty percent (60%) of said published increase. In no event, however, shall the allowable annual increase be less than four percent (4%) or greater than seven percent (7%).

Section 1.13 Capital Improvements

"Capital Improvements" means those improvements which materially add to the value of the property, appreciably prolong

its useful life, or adapt it to new uses, and which may be amortized over the useful life of the improvement of the building. Capital Improvements do not include normal routine maintenance and repair. (For example, the patching of a roof is not a capital improvement while the partial or complete replacement of the old roof is.) Capital Improvements otherwise eligible are not eligible if the landlord charges a use fee such as where the tenant must deposit coins to use a landlord-owned washer and dryer

#### Section 1.14 Energy Conservation

Work performed pursuant to the requirements of Article 12 of the San Francisco Housing Code.

#### Section 1.15 Rental Units

"Rental Unit" means a residential dwelling unit in the City and County of San Francisco and all housing services, privileges, furnishings including parking facilities supplied in connection with the use or occupancy of such unit which is made available for occupancy by a tenant in consideration of the payment of rent. The term does not include:

- (a) Housing accomodations in hotels, motels, inns, tourist homes, rooming and boarding houses, provided that at such time as an accomodation has been occupied by a tenant for thirty-two (32) continuous days or more, such accomodation shall become a rental unit;
- (b) dwelling units in a non-profit cooperative owned, occupied, and controlled by a majority of the residents;
- (c) housing accomodations in any hospital, convent, monastery, extended care facility, asylum, non-profit home for

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the aged, or in dormitories owned and operated by an institution of higher education, a high school, or an elementary school;

- (d) dwelling units whose rents are controlled or regulated by any government unit, agency, or authority excepting those unsubsidized and/or unassited units which are insured by the United States Department of Housing and Urban Development;
- (e) owner-occupied buildings containing four (4) residential rental units or less, wherein the owner or owners of at least 50 percent of the fee interest in the building have resided for at least six continuous months;
- (f) newly constructed rental units for which a certificate of occupancy was first issued after June 13, 1979;
- (g) dwelling units in a building which has undergone substantial rehabilitation completed after June 13, 1979; provided, however, that RAP rental units are not subject to this exemption.

#### Section 1.16 Substantial Rehabilitation

"Substantial rehabilitation" means the renovation,
alteration or remodeling of residential units of 50 or more years
of age which have been condemned, or which require substantial
renovation in order to conform to contemporary standards for
decent, safe and sanitary housing. Substantial rehabilitation
may vary in degree from gutting and extensive reconstruction to
extensive improvements that cure substantial deferred
maintenance. Cosmetic improvements alone such as painting,
decorating and minor repairs, or other work which can be
performed safely without having the units vacated, do not qualify
as substantial rehabilitation.

Improvements will not be deemed substantial unless the cost of the work exceeds the greater of the following: (1) fifty percent (50%) of the total purchase price of the building, (2) fifty percent (50%) of the current assessed value of the building, or (3) an average unit cost of \$16,000 for buildings of two to four total units, and \$14,000 for buildings of five to ten total units, and \$12,000 for buildings of eleven total units or more.

#### Section 1.17 Tenant's Utilities

For the purpose of Ordinance Section 37.2(o) and Section 4.11 of these Rules, "Tenant's Utilities" means charges for natural gas or electricity provided by Pacific Gas and Electric Company directly to the unit occupied by the tenant or to the building in which the unit is located and benefitting the tenant, whether paid by the tenant alone, by the landlord alone, or part by the tenant and part by the landlord.

### Section 1.18 Wrongful Eviction

"Wrongful Eviction" means the serving of a notice to quit a rental unit, the making of a demand for possession of a rental unit, or the prosecution of an Unlawful Detainer action in violation of the Ordinance.

### PART 2 BOARD ORGANIZATION AND PROCEDURES

Section 2.10 Election of Officers

(Amended 2/2/84; effective 3/1/84)

The members of the Board, not including alternates, shall elect from among themselves a President and Vice-President for a term not to exceed one year. The election of each officer shall require a vote of the majority members. At the end of his or her

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one year term, neither the President or Vice-President will be eligible to hold the same office until at least one year after the expiration of their term.

The election of officers may be held at a regular or special meeting of the Board, provided notice of such an election is mailed to the members and alternates at least ten (10) days prior to the meeting at which the election will be held. The President or any two members may call a special meeting for the election of officers, if needed, or call for such an election at a regular Board meeting, provided the notice required in this section is given.

#### Section 2.11 Board Alternates

Alternates may participate in discussion and deliberations but will only be allowed to vote when the member for whom the alternate serves as alternate is not present or has been excused from consideration of or voting on a matter by the Board.

#### Section 2.12 Decisions by the Board

A decision of the Board shall require a majority of all the members of the Board. All decisions of the Board shall be recorded by roll call vote and a record of such actions shall be available to the public. Each member present at a meeting shall vote either for or against any question put to a vote, unless excused from voting by a motion adopted by a majority of the members present.

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#### Section 2.13

#### Board Meetings

The Board shall meet on the first Tuesday of each month at 5:30 p.m. at Room 1195, the State Building, 350 McAllister Street, San Francisco, California, 94102, except when that day falls on a legal holiday, the meeting shall be held the following day. The Board shall meet on subsequent Tuesdays of the month and such other times only as necessary to stay current with the workload or tend to administrative matters. Special meetings may be held any time, upon compliance with Charter provision 3.500. Meetings shall be open to the public, except that any member may require that matters for which meetings in executive session are allowed by law be discussed and considered in executive session, provided all votes of the members shall be matters of public record.

#### Section 2.14 Agenda

Except for meetings in executive session, the agenda for each meeting of the Board shall be sent to each member and alternate with notice of the meeting. Notices of meetings and agendas shall be prepared and filed with the Public Library in the manner and within the times required by law. Matters on any meeting's agenda may be considered and decided out of the order on which they appear on the agenda upon approval of the members present. Except where prohibited by public notice requirements, the Board may, at any meetings, consider and decide matters not on the agenda for that meeting if the members present unanimously approve.

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#### Section 2.15

#### Per Diem Compensation

Each member shall receive \$75.00 for each Board meeting attended if the meeting lasts for six hours or more in a single twenty-four hour period, \$50.00 if the meeting lasts from two up to six hours in a single twenty-four hour period, and \$25.00 if the meeting lasts two hours or less in a single twenty-four hour period. If a member or the alternate is not in attendance for an entire meeting, compensation shall be determined by reference to the actual aggregate time the member or alternate was not excused and was acting as a voting member.

### Section 2.16 Financial Disclosure and Conflict of Interest Statement

Pursuant to the conflict of interest code adopted by the Board pursuant to Government Code Section 87300 and approved by the Board of Supervisors, all members shall disclose all present holdings and interests in real property, including interests in corporations, trusts, or other entities eith real property holdings, in accordance with applicable state law.

### Section 2.17 Conflict of Interest

No member of the Board or member of the staff of the Board may participate in the consideration or decision of any case in which such person has any personal interest, including an equity interest, an interest as a landlord, tenant or management person, or is related by blood or marriage or adoption to a landlord or tenant involved.

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Section 2.18

Waiver of Regulations

The Board may grant exception to these regulations for good cause shown in the interest of justice and to prevent hardship.

Section 2.19 Advisory Opinions

No advisory opinion, oral or written, shall be given by the Board, or any of its members, except upon the vote of a majority of the Board.

Section 2.20 Index of Decisions

The Board shall establish and continuously maintain a file of decisions and opinions issued by hearing officers and the Board, properly indexed as to subject matter and available for public inspection in the Board office between the hous of 9 a.m. noon and 1 - 5 p.m. on weekdays, excluding holidays except Tuesday and Thursday. Copies of decisions and opinions may be reproduced at the expense of the person requesting the copies, at a price equal to the cost of such reproduction to the Board, as determined by the Executive Secretary. Funds so received shall be deposited with the Controller.

PART 3 FEES

Section 3.10 Amount of Fees

#### (a) Landlord Petition for Arbitration

The filing fee shall be \$15.00 for each rental unit included in the petition, but not to exceed \$150.00 for any single petition. A separate petition shall be filed for each individual building. If the landlord files an application for certification (Part 7) and wishes to consolidate his landlord's

petition with the application, the filing fee will be only that set forth in Section (b) below.

(b) <u>Landlord Application for Certification of Capital</u>

Improvements, Rehabilitation, and/or Energy Conservation Work, or

Substantial Rehabilitation Certification

The filing fee shall be computed in three parts:

- (1) For each building for which the landlord seeks to pass on the cost of capital improvements, rehabilitation, and/or energy conservation work, or substantial rehabilitation certification, there shall be deposited with the Rent Board by the landlord an amount which shall cover the cost of hiring an estimator. This cost shall be based on the actual cost of hiring the estimator. These costs shall be posted at the Rent Board. If an estimator is not used, this portion of the fee shall be returned to the applicant.
- (2) In addition to the estimator's fee set forth above, the landlord shall also pay \$15.00 per unit, maximum or \$150.00, to cover cost of processing the application.
- (3) Further, depending on the number of units in the building for which the landlord seeks certification, there shall be an additional charge of the following to cover hearing officer fees:

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	(1) $1 - 10 \text{ units} = \$ 30.00$
1	(2) 11 - 25 " = \$ 60.00
2	(3)   26 - 50   " = \$90.00
3	(4)   51 - 100   " = \$120.00
4	$(5)  101 + \qquad = \$150.00$
5	(c) Tenant Petition for Arbitration
6	The filing fee shall be \$10.00 for each tenant petition.
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8	(d) Appeals
9	The filing fee shall be \$10.00 for each rental unit.
10	Section 3.11 Waiver of Fees
11	The filing fees required of tenants in Section 3.10 shall
12	be waived for an individual who files an affidavit under penalty
13	of perjury stating that he or she is an indigent person who does
14	not have and cannot obtain the money to pay the filing fee
15	without using money needed for necessities of life.
16	Section 3.12 Deposit of Fees
17	Fees shall be paid by check or money order payable to the
18	Residential Rent Stabilitation and Arbitration Board. Fees
19	collected by the Rent Board shall be deposited with the
20	Controller and credited to the appropriate fund.
21	PART 4 RENT INCREASES NOT REQUIRING APPROVAL BY THE RENT
22	BOARD
23	Section 4.10 Notice
24	(Amended 2/21/84; effective 3/1/84)
25	a) Those landlords not seeking a rental increase
26	which exceeds the limitations set forth in Section 37.3 of the
	Rent Ordinance shall inform the tenant in writing on or before
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the date the notice is given of the following:

- (1) Which portion of the rent increase reflects the annual increase;
- (2) which portion of the rent increase reflects banking claimed by the landlord pursuant to Section 4.13(b) of these Rules;
- (3) which portion of the rent increse reflects the costs of capital improvements, rehabilitation, and/or energy conservation work which have been certified:
- (4) which portion of the rent increase reflects the pass-through of charges for gas and electricity, which charges shall be explained;
- (5) which portion of the rent increase reflects the amortization of a RAP loan.
- b) Any rent increase which does not conform with the provisions of this section shall render the entire rent increase null and void, unless the amount requested equals the allowable annual rent increase, or a lesser amount.
- c) To be effective, any rent increase notices given on or after March 1, 1984 must conform with the provisions of 4.10(a). If, however, the landlord serves a notice of rent increase prior to March 1, 1984 and it takes effect on or after that day, the following rules shall apply:
  - (1) Notices which requested an increase above seven percent (7%) without filing a landlord's petition will remain null and void in their entirety;

- (2) if the landlord has filed a petition for an amount above seven percent (7%) based on Sections 6, 7, or 8 of these Rules, the <u>correct</u> annual increase will be effective as of the date the notice given was to become effective and;
- (3) notices which request an increase of seven percent (7%) or less without filing a landlord's petition, will only be null and void as to that portion which exceeds the allowable annual rent increase.

### Section 4.11 Computation of Passthrough of Gas and Electricity

- a) No landlord may pass-through any increase in the cost of the utilities to a tenant until the tenant has occupied one or more units in the subject building for one continuous year. Each utility pass-through may be charged to the tenant only at the time of a rent increase anniversary.
- b) Where a landlord pays utilities and seeks to pass through to the tenant an increase based on increased cost of those utilities, the landlord shall calculate the amount of such increase using the following method:
  - 1) Calculate the sum of utility cost for the twelve PG&E bills received in calendar year 1981. This sum will be referred to as "total current utilities."
  - 2) Calculate the sum of utility cost for the twelve PG&E bills received in calendar year 1980. This sum will be referred to as "total comparison utilities."

- 3) Subtract total comparison utilities from total current utilities and divide the result by 12 to determine the average monthly utility increase (or decrease) for the entire building. Divide this amount by the number of rooms in the building.
- 4) Multiply the per-room monthly increase (or decrease) by the number of rooms in each tenant's unit: single rooms without kitchens count as one
  (1) room unit; studios are two (2) room units; one
  (1) bedrooms without a separate dining room are
- (1) bedrooms without a separate dining room are three (3) room units, and so on.
- Regulations shall be interpreted as requiring any landlord to pass through any utility increase or raise any tenant's rent. However, where the utility costs decrease in years subsequent to the passing through of an increase, the tenant must be given the benefit of such decrease calculated in the same manner as any increase passed through under Ordinance Section 37.2(n). A tenant may petition the Board for an arbitration hearing whenever a pass-through charge has been noticed and the tenant protests the amount being charged or the calculation procedure being used by the landlord.
- d) Werever the situation exists that prior to

  January 1, 1982 the landlord had elected a utility pass-through
  calculated under the previously approved method, the following
  step shall be followed to convert to the new method:
  - 1) Where the utility pass-through recalculation is due to occur before the rent is to be

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increased, the landlord shall notify the tenant(s) that the current pass-through will remain in effect until such time as the pass-through is recalculated using the 1980-1981 periods and to coincide with a rent increase anniversary.

- 2) Where the rent increase is due to occur before the pass-through is to be recalcultated under the old system, the landlord shall recalculate using the new system described above in order to coincide the utility pass-through increase (or decrease) with a rent increase anniversary.
- e) Subsequent pass-throughs shall be determined by the same procedure as outlined in subsection (c) above by using each following calendar year's utility cost to calculate "total current utilities."
- f) If the method set forth for calculation of an increase (or decrease) in utilities in subsection (c) or subsection (e) of this Section cannot be applied for reasons beyond the control of the landlord, and in the absence of a relevant agreement between the landlord and the tenant, the landlord may petition the Board for an arbitration hearing to establish an appropriate alternative method.
- g) The amount due from the tenant for any utilities pass-through shall be due on the same date as a rent payment normally would be due.
- h) No amount passed through to the tenant as a utility increase shall be included in the tenant's base rent for

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purposes of calculation of the amount of rent increases allowable under the Ordinance and these Rules and Regulations.

- i) The provisions of this Section shall be deemed a part of every rental agreement or lease, written or oral, for the possession of a rental unit subject to the Ordinance unless the landlord and tenant agree that the landlord will not pass through any utility increases, in which case such agreement will be binding on the landlord and on any successor owner of the building.
- through to the tenant, a change in the ownership of the building in which the tenant's unit is located, will not affect the tenant's liability to pay the amount passed through or the tenant's entitlement to the benefit of decreases in the utilities costs.

#### Section 4.13 Banking

- (a) A landlord who refrains from imposing an annual rent increase, or any portion thereof, may accumulate said increase and impose that amount on the tenant's subsequent rent increase anniversary date. Only those increases which could have been imposed on, or subsequent to, April 1, 1982, may be accumulated. A full 12 months must have elapsed from the date that an annual rent increase or a portion thereof, could have been imposed before this banking section becomes applicable.
- (b) A landlord who, between April 1, 1982 and February 29, 1984, has banked an annual seven percent (7%) rent increase (or rent increases) or any portion thereof, may impose the

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accumulated increase on the tenant's subsequent rent increase anniversary dates.

(c) In order to impose an accumulated rent increase the landlord shall: (1) inform the tenant, on or before the date upon which the landlord gives the tenant legal notice, which portion of the rent increase reflects banked amount, and (2) the dates upon which said banked amount is based.

#### PART 5 LANDLORD PETITION FOR ARBITRATION

Section 5.10

Who must file

Landlords who seek to impose rent increases which exceed the rent increase limitations set forth in Section 4 above, must petition for an arbitration hearing.

Section 5.11

Information to Accompany Landlords'

#### Petition

Petitions shall be filed on a form supplied by the Board. The petitions shall be accompanied by: 1) a statement as to why the landlord believes a rent increase should be allowed, together with supporting documentation; 2) the landlord shall also submit sufficient copies of the petition for distribution to each tenant.

### Section 5.12 Time of Filing Petition

The landlord must file a petition before giving legal notice of a rent increase which exceeds the limitations set forth in Part 4 above. The notice shall be in conformance with the requirements set forth in Section 4.10 and shall further include the dollar amount requested which exceed those limitations. The petition may be filed at any time during the calendar year.

#### Section 5.13

# Imposition of Rent Increases Granted by the Hearing Officer

Once a completed petition has been filed, the landlord may serve a legal notice of the proposed rent increase. That portion of the requested rental increase which exceeds the limitations set forth in Section 4 above shall be inoperative until a decision by the hearing officer is rendered. A landlord may choose instead not to serve legal notice of a proposed rent increase until after the decision of the hearing officer is rendered. In any event, except in estraordinay circumstances as determined by the Board, no rent increase granted by the hearing officer shall become effective until the tenant's anniversary date. For example:

- (a) Tenant's anniversary date is June 1, landlord seeks to impose a rent increase exceeding the limitations set forth in Part 4 above on that date. Landlord files a petition during the month of April and on May 1, gives tenant legal notice of the rent increase. That portion of the increase which exceeds the limitations is inoperative until the hearing officer renders his or her decision on June 15. The requested increase is granted effective as of June 1. The tenant is ordered to pay the increase as well as the amount owing, on July 1.
- (b) Tenant's anniversary date is June 1, and on that date, tenant received a 4 percent rent increase. On August 10, landlord files a petition seeking approval to impose a rent increase based upon increased costs. A hearing is held October 1, and the requested increase is

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approved on October 15, landlord gives legal notice on April 1, of the approved rent increase to take effect on June 1.

#### PART 6 RENT INCREASE JUSTIFICATIONS

(Amended Feb. 21 1984; effective for those petitions filed on or after March 1, 1984)

Section 6.10 Operating and Maintenance

Except in extraordinary circumstances, the following guidelines shall apply to increases based upon Operating and Maintenance expenses:

(a) A rent increase may be considered justified if it is found that the aggregate cost of operating and maintenance expenses (including but not limited to real estate taxes, water, sewer service charge, janitorial service, refuse removal, elevator service, security system and debt service) has increased over the 12 months immediately preceding the date of filing the petition (adjustment year), compared to the operating and maintenance expenses incurred in the 12 months prior to the adjustment year (comparison year).

To determine the per unit increase, this cost increase is divided by 12 (months), then divided by the number of units in the building.

(b) In the event that operating and maintenance expenses have increased (as set forth above), a rent increase based on these expenses will be allowed only if the per unit increase amount exceeds that which has already been allowed by the annual rent increase. If the per unit increase does not

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exceed the amount allowed by the annual rent increases, then only the annual rent increase will be allowed.

- (c) If the amount justified per unit exceeds the tenant's annual rent increase, an additional increase may be allowed. In no event shall this additional increase allowed for operating and maintenance costs result in an increase which exceeds the tenant's base rent by an additional 7 percent.
- (d) However, when the unit is purchased after June 13, 1979, and this purchase occurs within two (2) years of the date of purchase of the unit by the seller of the unit to the landlord, consideration shall not be given to the portion of increased debt service which results from a selling price which exceeds the seller's purchase price by more than the percentage increase in the CPI between the date of previous purchase and the date of current sale plus the cost of capital improvements rehabilitation and/or energy conservation work made or performed by the seller.
- (e) Generally, an increase in debt service as a result of refinancing to obtain funds in excess of existing financing, will only be considered as a justification for a rent increase if the proceeds of the borrowing are reinvested in the building for purposes of needed repairs and maintenance, or capital improvements which increase the quality of the rental units. If any of the proceeds are, however, used for capital improvements, the limitations set forth in Part 7 below shall apply to that portion.

(Amended 2/28/84: effective 3/1/84)

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shall be allowed.

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A rent increase may be considered justified, even in the absence of an increase in costs of operation and maintenance expenses as limited in Section 6.10 above, if it is established that the rent for the unit is significantly below those of comparable units in the same general area as defined in Section 6.11(b) below, provided however, no rental increase in excess of the limitations on the basis of comparables alone shall be allowed which causes a tenant's rent to exceed sixty percent (60%) of the percentage increase in the CPI from the time of the tenant's last rent increase. Where the past history of rental increase is determined to have been higher than the CPI for the term of the tenancy, no increase in excess of the limitations

The length of occupancy of the current tenant, size and physical condition, and services paid for by the tenant are important factors (though not the exclusive ones) in determining whether or not a unit is "comparable" to another, as the term "comparable" is used in the Ordinance and in these Rules. Evidence of current market rent is relevant, but not conclusive, as to rent charged for comparable units. The issue of rent for comparable units may be raised by a landlord or a tenant and considered by the Board or its hearing officers as long as evidence of rent for comparable units includes reasonable units. "Perfect" comparability is not required.

#### Section 6.12

#### Defenses

- a) A rental increase may be considered not justified if it is found that the tenant has requested the landlord to perform ordinary repair, replacement, and maintenance in compliance with applicable state and local law and the landlord has failed to perform such work.
- b) Where the Board or its hearing officers find that the landlord has imposed a rent increase in violation of Section 37.3 of the Ordinance, the increase so imposed shall be denied.

# PART 7 LANDLORD APPLICATIONS FOR CERTIFICATION OF CAPITAL IMPROVEMENTS, REHABILITATION, AND/OR ENERGY CONSERVATION WORK.

#### Section 7.10 Filing

- (a) Those landlords who seek to pass through the cost of capital improvements, rehabilitation and/or energy conservation work must file an application for certification on a form prescribed by the Board and accompanied by the appropriate filing fee as set forth in Section 3.10(b) above.
- The application shall be accompanied by: (1) copies of the application in sufficient number to distribute to each of the tenants named in the application, plus one additional copy for the estimator; (2) two copies of all claimed invoices, signed contracts, and cancelled checks substantiating the costs claimed; (3) if claim is made for uncompensated labor, the application shall include a copy of a log of dates on which the work was performed; (4) copies of each building permit for the work claimed and a certificate of completion.

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#### (c) Time of Filing Application and Notice

The landlord must file an application before giving legal notice of a rent increase. The notice shall be in conformance with the requirements set forth in Section 4.10 above and shall further include the dollar amount requested based on the amortization of the work performed. This increase shall be inoperative unless and until the application is approved by the hearing officer. Any amounts approved by the hearing officer shall relate back to the effective date of the legal notice, if given.

If the landlord sends a notice of rent increase based on capital improvements without first filing an application for certification, the increase shall be null and void. In order to be able to pass through these amounts, an application must first be filed and then a new notice sent.

### Section 7.11 Inspection of the Building

If the Board or its Executive Secretary determines that inspection by a qualified estimator of the building is necessary to determine whether the application shall be approved, the landlord and tenants shall provide entry to the Rent Board's representative at a convenient time during normal business hours.

- (a) The necessity for use of an estimator in a particular case may be determined after consideration of the following factors, among others:
  - (1) The cost of the work;
  - (2) the number of units;

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- (3) complexity of the work performed;
- (4) objections made pursuant to Section 7.15 below.
- (b) A qualified estimator is a person:
  - (1) Who is not a San Francisco city employee; but
  - (2) who is selected by the Rent Board or the Executive Secretary because he or she is qualified and experienced in the area of residential rehabilitation, such as a member of the American Society of Estimators, subscribing to its Code of Professional Ethics and Standards of Professional Conduct. The estimator shall operate under the direction of the Board or its Executive Secretary.

# Section 7.12 Allocation of Cost of Improvements or Work to Individual Units

(a) The cost of capital improvements, rehabilitation, and/or energy conservation work shall be allocated to each unit in the building. The method used for cost allocation shall be that which most reasonably takes into account the extent to which each unit benefits from the improvements or work. Methods which may be appropriate, depending on the circumstances, include allocation based on the square footage in each unit, allocation based on the rent paid for each unit, and equal division among all units. Where the improvements do not benefit all units, only those benefitted may be charged the additional rent. For example, if a new roof were installed, the rents of all units in the building may be raised to cover the cost. But if, in addition, a new floor had been installed in one unit, that unit

would be charged its proportionate share of the roof cost plus the cost of the new floor. Costs attributable to units where the rent cannot be raised (because of a lease restriction, owner occupancy, or other reason) may not be allocated to the other units. Costs attributable to routine repair and maintenance shall not be certified but shall be considered part of the costs of operating and maintenance.

### (b) Effect of Vacancy on Rent Increases Requested for Capital Improvements

If a unit becomes vacant and is rerented after completion of capital improvements, rehabilitation, and/or energy conservation work listed in an application for certification, no additional rent will be allowed on the unit based on the improvements or work since the landlord has the opportunity to bring the unit up to market rent at the time the unit is rerented. This section also applies to those units rented within six months of the commencement of work for which an application for certification is filed, provided that ownership has not changed in that period.

#### (c) Amortization Periods

Costs shall be amortized on a straight line basis over a seven or ten-year period depending upon which category described below most closely relates to type of improvement or work and its estimated useful life.

#### SCHEDULE I - SEVEN YEAR AMORTIZATION

The following shall be amortized over a 7 year period:

Appliances, such as new stoves, disposals, refrigerators,
washers, dryers and dishwashers; fixtures, such as garage door

 openers, locks, light fixtures, water heaters and blankets, shower heads, time clocks and hot water pumps; and other improvements, such as carpeting, linoleum, and exterior and interior painting of common areas. If the appliance is a replacement for which the tenant has already had the benefit, the cost will not be amortized as a capital improvement, but will be considered part of operating and maintenance expenses.

Appliances may be amortized as capital improvements when (1) part of a remodeled kitchen; (2) based upon an agreement between the tenant and landlord; and/or (3) it is a new service or appliance the tenant did not previously have.

#### SCHEDULE II - TEN YEAR AMORTIZATION

Major improvements to the structure of the building such as: new foundation, new floor structure, new ceiling or walls - new sheetrock, new plumbing (new fixtures, or piping,) weatherstripping, ceiling insulation, seals and calking, new furnaces and heaters, new wiring, new stairs, new roof structure, new roof cover, new window, fire escapes, central smoke detection system, new wood or tile floor cover, new partitioning sprinkler, boiler replacement, air conditioning-central system, exterior siding or stucco, elevators, and/or additions such as patios or decks, central security system, new doors, new mail boxes, new kitchen cabinets, or sinks, shall be amortized over ten years.

Section 7.13 Valuation of Uncompensated Labor

Any uncompensated labor (i.e., labor performed for no remuneration of any kind) performed on capital improvements, rehabilitation, or enerby conservation work shall be valued at prevailing labor rates. The craft classification to be employed

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shall be that of laborer unless the uncompensated worker is licensed in the particular craft for which credit is being claimed.

#### Allowance of Interest Section 7.14

Interest on money paid, whether imputed or real, for capital improvements or rehabilitation work shall be limited to 10 percent and shall be amortized over a period equal to the amortization period of the improvement.

If the interest is less than 10 percent due to governmental or any other subsidy or guarantee, that shall be the interest rate amortized as provided for in this section.

#### Tenant Objections Section 7.15

Tenant's objections may be on the basis that the work claimed to be performed was not performed, that the work performed was necessitated by the current landlord's deferred maintenance resulting in a code violation, that the costs claimed are not true or reasonable costs, or some other reasons. tenant shall include as much documentation to support the objection as the tenant has reasonably available.

Allowance for the cost of equipment, fixtures, and improvements in an individual unit shall not be made if the tenant has objected in writing to the installation unless the landlord can establish that the existing equipment, fixtures, or improvements need replacement for reasons of health or safety or because of excessive maintenance cost. Failure of the tenant to give written objections does not prejudice the tenant's right to raise these objections at a hearing, or when the landlord seeks to have the capital improvements certified.

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For purposes of calculating future rent increases, base rent shall not include any costs for capital improvements, rehabilitation, or energy conservation measures which have been certified.

### PART 8 LANDLORD APPLICATION FOR CERTIFICATION OF SUBSTANTIAL REHABILITATION

Section 8.10 Who

Who Must File

Landlords who seek to obtain certification of substantial rehabilitation for exemption from Chapter 37 of the San Francisco Administration Code must apply for a certification hearing with the Rent Board.

Section 8.11 Time of Filing Application

After receipt of a final notice of completion from the Department of Public Works, the landlord seeking exemption must file application for certification.

Section 8.12 <u>Application for Certification</u>

Application for certification shall be filed on a form provided by the Rent Board.

The application shall include:

- (1) A tenant history, including the names of all tenants in possession at the time substantial rehabilitation was noticed, their last known address, their rent at the time they left voluntarily or were evicted, which tenants were evicted, the names and unit number of any current tenants and their current rents;
- (2) A detailed description of the substantial rehabilitation work itemizing all costs, including but

not limited to site improvements, paving and surfacing, concrete, masonry, metals, wood and plastic, thermal and moisture protection, doors and windows, finishes, specialties, equipment, furnishings, conveying systems, mechanical and electrical work;

- (3) Evidence that the building is over 50 years old;
- (4) A determination of condemnation, and/or
- (5) A determination by the Department of Public Works that the premises were ineligible for a permit of occupancy;
- (6) A current abstract of title;
- (7) A complete inspection report issued by the

  Department of Public Works made prior to the commencement

  of rehabilitation work;
- (8) Proof of purchase price;
- (9) Final notice of completion from the Department of Public Works;
- (10) Copies of eviction notices to prior tenants;
- (11) Copies of invoices, bids and cancelled checks substantiating the costs claimed;
- (12) Sufficient copies of the petition for distribution to each tenant;
- (13) Copy of the current assessment;
- (14) If claim is made for uncompensated labor, the application shall include a log of dates on which the work was performed, number of hours of work and description of the work performed, and, if claim is made

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for electrical or plumbing work, a copy of the worker's contractors license.

Section 8.13 Fees

See Section 3.10(b) above.

Section 8.14 Notification of Tenants

Upon receipt of a completed application, the Rent Board shall notify the tenant or tenants of the subject unit or units by mail, of the receipt of such application. The notice shall also state that the tenant has a right to attend a hearing regarding the application. The Board shall calendar the petition for hearing before a designated hearing officer and shall give written notice of the date to the parties at least ten (10) days prior to the hearing.

> Section 8.15 Valuation of Uncompensated Labor See Section 7.13 above.

Section 8.16 Inspection of Building

See Section 7.11 above.

Section 8.17 Tenant Objections

Tenant's objections may be on the basis that the work claimed to be performed was not performed, that the work performed was necessitated by the current landlord's deferred maintenance resulting in a code violation, that the costs claimed are not true or reasonable costs, or that the work done was not principally directed to code compliance. The tenant shall include as much documentation to support the objection as the tenant has reasonably available.

#### PART 9 TENANT SUMMARY PETITIONS

Section 9.10 Grounds for Summary Petitions

- (a) Tenants may file a summary petition if the landlord gives a rent increase which fails to comply with the provisions set forth in Section 37.3 of the Ordinance.
- (b) Summary petitions shall be filed on a form to be supplied by the Board. The petitions shall be accompanied by:
  - (1) A copy of the landlord's notice of rent increase;
  - (2) a copy of any notification from the

    Department of Real Estate or the Rent Board which

    certified a rent increase based on capital

    improvements, rehabilitation, and/or energy

    conservation work; and
  - (3) a statement as to why the tenant believes the rent increase should not be allowed, together with any supporting documentation.
- (c) Any rent increase which does not conform with the provisions of Section 37.3 of the Rent Ordinance shall be null and void.

# PART 10 TENANT PETITION FOR ARBITRATION Section 10.10 Decrease in Services

- (a) A tenant may petition for a reduction of base rent where a landlord has substantially decreased housing services without a corresponding reduction in rent.
- (b) Petition for arbitration based on decreased services shall be filed on a form supplied by the Board. The

Petition shall be accompanied by a statement setting forth the nature and value of the service for which the decrease is being sought, and the date the decrease began and ended, if applicable.

# Section 10.11 Failure to Perform Ordinary Repair and Maintenance

- (except certified capital improvements, rehabilitation, and/or energy conservation work) if the landlord has failed to perform requested repair, replacement or maintenance, as required by state and local law.
- (b) Petitions based on the above grounds must be accompanied by a statement of the nature, and extent of the necessary repairs and/or maintenance together with supporting documentation.

### Section 10.12 <u>Documentation of Gas and Electrical</u> Increases.

- (a) A tenant may petition for an arbitration hearing if the landlord has failed to provide the tenant with a clear explanation of the charges for gas and electricity on which an increase is being based.
- (b) The landlord shall have the burden of proving the calculations upon which this increase is based.
- (c) A petition based on this section shall be accompanied by the notice of increase.

#### PART 11 HEARINGS

Section 11.10 <u>Time of Hearing; Consolidation</u>

Within a reasonable time following the filing of a petition and payment of the filing fee, if required, the petition

each case.

#### Section 11.11 Notice of Hearing; Response

shall be referred to a hearing officer. That hearing officer

tenants of a single housing complex, and there are common

material issues of law or fact, those petitions shall be

consolidated for hearing, unless to do so would be unfair to

either party. Written notice of the hearing, by mail, shall be

declaration under penalty of perjury stating the date and place

of the mailing of such notice and stating to whom and at what

addresses the notice was sent shall be retained in the file of

given at least ten (10) days prior to the date of the hearing. A

shall hold the hearing within forty-five (45) days of the date of

the filing of the petition. Where petitions are filed by or for

Written notice of the hearing shall be given by mailing a notice stating the date, time, and place of the hearing and generally describing what will take place, who has the burden of proof and the types of evidence likely to be useful at the hearing to the responding party. The responding party may file at the Board office a written response to the petition at any time before the hearing. Any response so filed may not be considered as evidence and is not a substitute for appearance at the hearing. If a response has been filed, the hearing officer shall give the petitioner a reasonable opportunity to review it and to respond to it as argument by the respondent.

### Section 11.12 Notice to Attorney

Whenever any document other than evidence containing the attorney's name, address, and telephone number is filed by an attorney on behalf of a party, or whenever any party so requests

in a notice signed and dated by the party and giving the name, address, and telephone number of the party's attorney, all notices sent by the Board thereafter shall be sent to the party's attorney instead of the party. Notices will not be sent both to the party and to the attorney. A request to send notices to a party's attorney may be withdrawn at any time by a written notice to that effect signed and dated by the party and filed with the Board.

#### Section 11.13 Continuances

The hearing officer may grant a continuance of a hearing only for good cause and in the interest of justice. "Good cause" shall mean the illness of a party, employment or travel outside of San Francisco scheduled before the receipt of notice of the hearing, or other reason which make it impractical to appear on the scheduled date. Mere inconvenience or difficulty in appearing shall not constitute "good cause." Parties may stipulate to a continuance at any time, however.

### Section 11.14 Absence of Parties

If a party fails to appear at a properly noticed hearing or fails to file a written excuse for non-appearance prior to a properly noticed hearing, the hearing officer may, as appropriate: continue the case, decide the case on the record in accordance with these rules; dismiss the case with prejudice; or proceed to a hearing on the merits.

#### Section 11.15 <u>Conciliation</u>

Immediately prior to the hearing in any case, the hearing officer shall make an earnest effort to settle the controversy by conciliation. If the parties fail to settle their differences,

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the hearing officer shall proceed with a hearing on the merits. The hearing officer must fully inform the parties of their rights under the Ordinance before any agreement becomes binding.

#### Refusal of Hearing in Certain Section 11.16 Instances

- The hearing officer may dismiss any petition, complaint or request without a hearing if the hearing officer concludes that it is frivolous. The hearing officer shall file a written statement with the Board setting forth the basis upon which the decision rests.
- The hearing officer may decide any matter without a hearing if it appears from the record prior to a hearing that there is no genuine issue as to any material fact.

#### Section 11.17 Conduct of Hearing

Both parties may offer such documents, testimony, written declarations or other evidence as may be pertinent to the proceedings. All testimony shall be given under oath or affirmation administered by the hearing officer. Neither party shall have any rights of discovery except upon mutual agreement. Rules of evidence shall not govern the introduction of evidence, and the admissibility of testimony, documents or other materials shall be totally within the discretion of the hearing officer. Provided, however, no finding of fact shall be based solely on hearsay evidence, unless such evidence would otherwise be admissible under the California Evidence Code.

#### Section 11.18 Burden of Proof

In any proceeding before the Board or any hearing officer thereof, the landlord shall have the burden of proving that an

increase in rent in excess of 7 percent is justified. The tenant shall have the burden of proving: (1) Whether or not there has been an increase in the dollar amount of the rent in excess of the limitations; (2) there has been a rent increase due to reduction in housing services without a corresponding reduction in rent; and/or (3) a failure to perform ordinary maintenance and repair as required under state and local law.

#### Section 11.19 Stipulations

The parties, by stipulation in writing filed with the hearing officer, may agree upon the facts or any portion thereof involved in the hearing. The parties may also stipulate as to the testimony that would be given by a witness if the witness were present. The hearing officer may require additional evidence on any matter covered by stipulation.

#### Section 11.20 Record of Proceedings

All proceedings before the hearing officer or the Board shall be recorded by tape or other mechanical means. The Board may order a transcript thereof, provided the Board makes a copy available to the parties at the parties' expense. A party may order a transcript, provided that such party makes a copy for the Board and offers a copy to the adverse party without charge.

#### Section 11.21 Party Use of Reporter

A party desiring to preserve a record of a proceeding may employ a reporter, provided that copies of any transcript are supplied to the Board and offered to the adverse party or parties without charge.

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#### Section 11.22

### Personal Appearances and Representation by Agent

In any proceeding before the hearing officer or Board, each party may appear personally or by an attorney, or by a representative designated in writing by the party, other than an attorney. Each party, attorney, other representative of a party, and witness appearing at the hearing shall file a written notice of appearance and oath with the hearing officer, which notice and oath shall become part of the record. No exception to the rule (11.17) against basing any Finding of Fact solely on hearsay evidence inadmissible under the California Evidence Code will be made on account of the absence of a party.

# Section 11.23 Legal Representation or Assistance of an Interpreter in Certain Cases

Both parties are entitled to legal representation at any stage of the proceeding. If it shall appear to the hearing officer that the issue or facts in a matter before him or her are so invloved or intricate that in the interests of justice, of conserving time or of facilitating the preparation of an adequate record, a party ought to be represented by an attorney or an interpreter, the hearing officer may urge such party to procure such services. If the party agrees to procure an attorney or an interpreter, the hearing officer shall allow a party a reasonable period of time to do so. When this occurs, the opposing party shall be advised, and the matter may be continued for this purpose. If the hearing officer determines that a party cannot afford the services of an interpreter, the Board shall assist in obtaining an interpreter or attorney at no cost to the party.

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The term "interpreter" shall include persons trained in the international language for the deaf.

#### Section 11.24 Decisions of the Hearing Officer

- (a) The hearing officer shall make written findings of fact and a written decision as to whether the noticed or proposed rent increase exceeding the limitations of Section 37.3 is justified. The decision of the hearing officer shall contain the date upon which a rent increase or decrease shall become effective.
- (b) If a decrease in rent is granted, the hearing officer shall state when the decrease commenced, the value of the decrease and the nature of the service. The decision shall also state to what amount the rent can be increased when, and if, the service is restored.
- (c) If an increase is denied for failure to perform ordinary maintenance and repair, the hearing officer shall specifically enumerate the repairs necessary, and the amount to which the rent can be increased when those repairs are completed.

#### Section 11.25 Reimbursement

The hearing officer may allow the tenant to deduct the amount actually paid as a filing fee from the rent due where the tenant prevails at the hearing.

# PART 12 LEGAL ACTIONS UNDER ORDINANCE SECTION 37.9(e)

### Section 12.10 Reports of Alleged Wrongful Evictions; Notice to Parties

The Board shall adopt a form for reports of alleged wrongful evictions. Upon submission to the Board of a completed

Report of Alleged Wrongful Eviction, the Board shall send a notice acknowledging receipt of the report and summarizing the rights and responsibilities of landlords and tenants regarding possession of, and eviction from, residential rental units and unlawful detainer proceedings to both landlord and tenant, without fee.

### Section 12.11 <u>Investigation of Reports of Alleged</u> Wrongful Eviction

The Executive Director shall investigate a Report of Alleged Wrongful Eviction to determine if there is evidence of any of the following:

- (1) A landlord is evicting more than one tenant at approximately the same time;
- (2) that an eviction may be in retaliation for a dispute arising from a tenant's exercising of his or her rights under the Ordinance;
- (3) that a dispute over the proper interpretation of the Ordinance is involved in an eviction or eviction attempt;
- (4) that after a tenant has been required to vacate a rental unit, it appears that the eviction was effected by fraud or in bad faith; or
- (5) a policy issue of city-wide importance is raised. If the Executive Director finds that none of the above acts of unlawful eviction is met regarding a case of alleged wrongful eviction, the tenant shall be informed of such decisin immediately and in writing.

Section 12.12 <u>Hearing of Alleged Wrongful Eviction</u>

If the Executive Director determines that there is

evidence of any of the acts of unlawful eviction set forth in Section 12.11, the Executive Director shall mail a notice to the complainant and to the allegedly wrongfully evicting landlord that a hearing has been set before a hearing officer of the Board at the date no less than five (5) and no more than twenty (20) days from the date of mailing of the notice, to consider whether or not the landlord has acted or is acting in violation of Section 37.9(a) A copy of the tenant's Report shall be sent with such notice to the landlord. Both landlord and tenant shall be notified that they or their representatives may address the hearing officer at such meeting on the question of the existence or absence of a violation of Section 37.9(a) of the Ordinance, may make sworn statements if they wish, and may invite witnesses to speak on the matter.

At the conclusion of the hearing, the hearing officer shall report to the Board a summary of the evidence produced at the hearing. The Board may elect to hold additional hearings. If the Board finds, by a vote of at least three (3) members, that it appears there has been or there exists an eviction or attempted eviction in violation of the Ordinance by the landlord, the Board's public consideration of the matter shall end. Thereafter, the matter shall be one of prospective or actual litigation and shall be discussed in Executive Session unless, and to the extent, the members unanimously approve public discussion thereof. Notice of a decision by the Board to take no action on an alleged wrongful eviction shall be sent to the parties and such decision shall not prejudice a request by the



tenant for further consideration upon the discovery of new evidence.

Section 12.13 Legal Action

Where the Board first finds an eviction or attempted eviction to be in violation of the Ordinance, the Board shall decide whether or not to commence legal action against the landlord requiring the vote of three (3) or more members.

Section 12.14 Definition of "Landlord" for Purposes

of Section 37.9(a)(8)

For purposes of an eviction under Section 37.9(a)(8) of the Ordinance, the term "landlord" shall mean a natural person, or group of natural persons.

Section 12.15

Rents on Re-Occupancy Following

Evictions Under Section 37.9(a)(11)

Where a tenant has vacated a unit to allow a landlord to carry out capital improvements or rehabilitation work, pursuant to Section 37.9(a)(11) of the Ordinance, the landlord shall advise the tenant, in writing, immediately on completion of the improvements, and shall allow the tenant to reoccupy the unit as soon as the improvements or rehabilitation work is completed, and shall not increase the rent for such reoccupancy by more than the limitations set forth in Section 4 above.

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March 1, 1984